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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

# CORRECTION OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of January 2008, between Knapp Sisters Investments LTD, as Lessor, whose mailing address is: 208 E. Broad #104, Mansfield, TX 76063 and Lo Fortune Inc. DBA Lomac Company, as Lessee, whose address is 2130 N. Rough Creek Granbury, TX 76048;

#### WITNESSETH:

1. Lessor in consideration of ten dollars and other valuable consideration, Ten Dollars and Other Good and Valuable Consideration (\$10.00 & OGVC), in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, conducting exploration, geologic and geophysical surveys by seismograph, core test, gravity and magnetic methods, injecting gas, water and other fluids, and air into subsurface strata, laying pipe lines, building roads, tanks on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport and own said products, the following described land in Tarrant and Johnson Counties, Texas, to-wit:

This Correction is being filed to replace and be in lieu of that certain Oil, Gas and Mineral Lease filed at Volume 4283, Page 764 of the Official Public Records of Johnson County, Texas.

28.00 acres, more or less, out of the D. McQueen Survey, A-1025, Tarrant County, Texas, and D. McQueen Survey A-11321, Johnson County Texas, and being more particularly described in that certain General Warranty Deed dated January 26, 1999 from D & S Knapp, LLC, a Texas limited liability company to Knapp Sisters Investments, Ltd., as recorded at Volume 14026, Page 417, Official Public Records, Tarrant County, Texas, and also recorded in Volume 2400, Page 186, Official Public Records of Johnson County, Texas.

#### See Attached Exhibit "A" For Additional Provisions.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included with the boundaries of the land particularly described above. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 28.1907 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

- 2. This is a paid up lease and subject to the other provisions herein contained, this lease shall be for a term of Two (2) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder. Lessee shall have the option to extend the primary term for an additional one (1) year by remitting to Lessor on or before the expiration of the primary term additional bonus consideration equal to one-half (½) of the original lease bonus consideration paid to Lessor for granting this lease
- 3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipelines to which Lessee may connect its wells, the equal 25% part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lesser the average posted market price of such 25% part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case to bear 25% of the cost of treating oil to render it marketable pipe line oil; (b) to pay Lessor for gas and casinghead gas produced from said land (1) when sold by Lessee, 25% of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, 25% of the amount realized from the sale of gasoline or other products extracted therefrom and 25% of the amount realized from the sale of residue gas after deducting the amount used for plant fuel and/or compression; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow line, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited or paid directly to lessor or their successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or part, liability for payment hereunder shall rest exclusively on the then owners of this lease, severally as to acreage owned by each.
- 4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, with any other land covered by this lease, and/or with any other land, lease or leases in the immediate vicinity thereof to the extent hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the Railroad Commission of Texas, or other lawful authority, or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed a do acres each in area, and units pooled for gas hereunder shall not substantially exceed in area act of units larger than those specified, for the drilling or operation of a well at a regular location or for obtaining maximum allowable from any well to be drilled, drilling or already drilied, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records the country in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether or not the unit is likewise effective as to all other owners

May 19, 2008
CURTIS H. DOUGLAS,
County Clerk Johnson County, Texas

By: Jessica Cason, Deputy

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which a well capable of producing oil or gas in paying quantities has theretofore been completed or up n which operations for the drilling of a well for oil or gas have theretofore been commenced. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease and in such event operations for drilling shall be deemed to have been commenced on said land within the meaning of paragraph 5 of this lease; and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis - that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate. tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit before in the minior of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered as production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. The formation of any unit hereunder shall not have the effect of changing the ownership any shut-in production royalty which may become payable under this lease. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts. is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool as provided above with consequent allocation of production as above provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased

- 5. If at the expiration of the primary term, oil, gas, or other mineral is not being produced on said land, or from the land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas, or other mineral is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas, or other mineral is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hote or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brough in on adjacent land and within 330 feet of and draining the leased premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release cove
- 6. Lessee shall have the right at any time during or after the expiration of the lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.
- 7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in ownership of the land, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.
- 8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. No obligation reasonably to develop the leased premises shall arise during the primary term. Should oil, gas or other mineral in paying quantities be discovered on said premises, then after the expiration of the primary term, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing pil in paying quantities and one well per 320 acres plus an acreage tolerance not to exceed 10% of 320 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities. If after the expiration of the primary term, Lessor considers that operations are not at another statement of the primary term, and the statement of the primary term, Lessor considers that operations are not at another being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument.
- 9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.
- 10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing any oil, gas or other minerals therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, and Federal or state law or any order, rule or regulation, including zoning or permitting rules of any governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the lease premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.
  - 11. Anything in this lease to the contrary notwithstanding, lessee may transport third party gas on and across the leased premises.
- 12. Notwithstanding anything to the contrary in this lease, Lessee is hereby granted the right, at its option, either before or after production is established, to place any land covered by this lease in a co-operative with other land, lease or leases, for the exploration and development of all lands included in such co-operative, on such terms and conditions as Lessee may consider prudent. Any such co-operative formed by Lessee shall consist of such amount of acreage, configuration and number of wells, as Lessee shall determine at the exercise of Lessee's reasonable judgment, including Lessee's modification, rearrangement, enlargement, and reduction of such co-operative. If all or a portion of lands covered by this Lease, is included in a co-operative, then royalty shall be paid on a surface acreage basis, that is on the basis that the number of acres covered by this lease that is included in the co-operative bears to the total number of acres in the co-operative.

May 19, 2008 CURTIS H. DOUGLAS, County Clerk Johnson County, Texas

By: Jessica Cason, Deputy
The ss# and other personal identifiers may
have been redacted from this document but is
otherwise a full true and correct copy of the
original on file and of record in my office.

IN WITNESS WHEREOF this instrument is executed on the date first above whiten.

Signature DARCY KNAPP FRICKS Shelley L. KNAPP

Title: Partners

STATE OF TEXAS &

COUNTY OF TAPPANT &

This instrument was acknowledged before me on the DAND day of TANHARY By Shelley L. KNAPP as PAPTNERS On behalf of KNAPP SISTERS TOURSTMENTS LTD

Clemma Littlefield

Notary Public, State of Texas

May 19, 2008 CURTIS H. DOUGLAS, County Cerk, Johnson County, Texas

By: Jessica Cason, Deputy

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#### ₩4300P60b0b EXHIBIT "A"

## #4283P60761

ATTACHED TO AND MADE PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED January 8, 2008, BY AND BETWEEN KNAPP SISTERS INVESTMENT, LTD AND LOFORTUNE INC. DBA LOMAC COMPANY COVERING 28.1907 ACRES, MORE OR LESS, IN THE MCQUEN D SURVEY ABSTRACT 1025 MCQUEN D SURVEY ABSTRACT 1123 IN JOHNSON AND TARRANT COUNTIES, TEXAS

Notwithstanding any of the provisions contained in the oil and gas lease to which this exhibit is attached, the following provisions shall apply:

13. The royalties to be paid by lessee are: (a) on oil, 25% of the market value at the point of sale of all oil produced and sold from the lands covered by this lease; or, at lessor's option, 25% of the oil produced and saved in kind to be delivered to lessor at the wells or to the credit of lessor into the pipe line to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substances produced from said land or sold or used off the premises or for the extraction of gasoline or other products therefrom, the market value at the point of sale of 25% of the gas so sold or used. However, in no event shall the royalty paid to Lessor be less than the Lessor's royalty share of the actual amount realized by the lessee from the sale of oil and/or gas. Notwithstanding anything to the contrary herein contained, all royalty paid to Lessor shall be free of all costs and expenses related to the exploration, production and marketing of oil and gas production from the lease including, but not limited to, costs of compression, dehydration, treatment and transportation.

If an unauthorized deduction has actually occurred, Lessee must reimburse Lessor within thirty (30) days after demand is made.

- 14. Drilling or reworking operations on a pooled unit or units allowed by the pooling provision contained in the printed portion of this Lease and approved by appropriate governmental authority shall be considered to be drilling or reworking operations effective to maintain this Lease in full force and effect only as to that portion of the lease premises included within the unit or units. Production from a well or wells located on any pooled unit or units shall be considered to be effective to maintain this Lease in force only as to that portion of the lease premises included within the unit or units.
- 15. This Lease is limited to those depths from the surface of the ground to one hundred feet (100') below the base of the Barnett Shale formation.
- 16. The first royalty payment shall be tendered to the Lessor within ninety (90) days after the end of the month the first production leaves the leased premises or from property from which the premises have been pooled. If not, the unpaid royalties shall accrue interest at fifteen percent (15%) per annum. If the first royalty with accrued interest is not tendered within one hundred eighty (180) days after the end of the month after the first production leaves the premises or from property pooled therewith, the accrued interest rate shall be eighteen percent (18%) per annum retroactive to the time the time the first production left the lessed premises or lands pooled therewith, but the interest rate shall never be in excess of the legal interest rate allowed by Texas Law so as to be deemed usurious.

The payment of interest and/or royalties under this provision shall not apply if payment is precluded by a title opinion that has been rendered on the property or curative title work is underway required by that title opinion. Lessee shall advise Lessor of any title problem, though, with a copy of the relevant portion of the opinion calling for the curative work. Failure to secure a title opinion and present the title problem to the Lessor shall not be an excuse to delay the payment of royalties or prevent the accrued interest under this provision.

- 17. Lessee covenants and agrees to save, hold harmless and indemnify the Lessor from any damages or claims for damages, including both judgments and attorneys' fees expended in defending any cause of action, for any injury or death to person or to property occasioned by, arising out of, or resulting from operations conducted on or off the leased premises, whether or not the result of the Lessee's negligence. Likewise, the Lessee shall be solely responsible for all environmental damages and environmental tort claims as well as the costs of cleaning up environmental wastes caused by the Lessee's operations, whether or not the result of Lessee's negligence. The Lessee agrees to save, hold harmless and indemnify the Lessor from any environmental claims caused by the Lessee's operations.
- 18. Lessor grants Lessee at least one "Operation Site" from which multiple well bores may be drilled. Such site shall be five (5) acres in the form of a square; provided however, after Lessee has finished drilling, completion and fracture stimulation operations, such site shall be reduced to three (3) acres. Such site may be used only for drilling and completing operations and if, a well is completed as a producer, for well head equipment, tanks, flow lines, separators, meter stations and similar facilities. Prior to the commencement of any operations on such site, the Lessee shall pay the Lessor the sum of One Hundred Thousand Dollars (\$100,000.00) as consideration for using said site.
- 19. Lessee shall be required to pool all of the acreage under this lease with other land or lands into one pooled unit.
- 20. "Rework operations" as used herein shall include testing, completing, fracing, reworking, recompleting, deepening, plugging back, or repairing of a well in search of or in the endeavor to obtain, maintain, re-establish or enhance production of oil or gas.

SIGNED FOR IDENTIFICATION:

Printed Name KNAPI FRICKS

PARTNERS

Mik Shelly Knapp Shelley L. KNAPP

> Return to: Bryson G. Kuba 6127 Green Jacket Dr Apt. # 1136 Fort Mouth TX 76133

May 19, 2008 CURTIS H. DOUGLAS, County Clark Johnson County, Texas

By: Jessica Cason, Deputy

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Filed For Record 35 AM PM

FEB 26 2008

County Clerk Johnson County
By \_\_\_\_\_ Deputy



### STATE OF TEXAS COUNTY OF JOHNSON

that I hereby certify this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the OFFICIAL PUBLIC RECORDS OF JOHNSON COUNTY, TEXAS in the Volume and Page as shown heron.

CURTIS H. DOUGLAS, COUNTY CLERK L JOHNSON COUNTY, TEXAS

> Return to: Bryson G. Kuba 6127 Green Jacket Dr. Apt.# 1136 Fort Worth, TX 76137

May 19, 2008.
CURTIS H. DOUGLAS,
County Clock, Johnson County, Texas

By: Jessica Cason, Deputy
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BRYSON G KUBA 6127 GREEN JACKET DR #1136

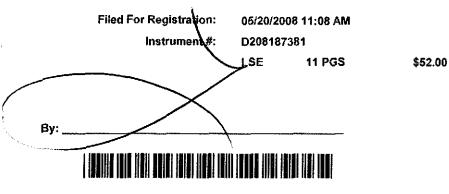
FT. WORTH

TX 76137

Submitter: BRYSON G KUBA

## SUZANNE HENDERSON TARRANT COUNTY CLERK TARRANT COUNTY COURTHOUSE 100 WEST WEATHERFORD FORT WORTH, TX 76196-0401

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